

September 17, 2008

Governor Jon M. Huntsman, Jr.
350 North State Street, Suite 200
Salt Lake City, UT 84114

Utah Senate Leadership
350 North State Street, Suite 320
Salt Lake City UT 84114

Utah House Leadership
350 North State Street, Suite 350
Salt Lake City UT 84114

Legislative Rural Liaison Committee
W210 House Building
Salt Lake City UT 84114

Dear Governor Huntsman and Utah Legislators:

We are happy to present you the 2008 Governor's Rural Partnership Board (GRPB) Report.

The Rural Partnership Board was established by the Legislature in 2004. The primary mission as a board is to recommend a strategic plan for rural Utah to the Governor and the Legislature.

Your consideration of the board's report is appreciated.

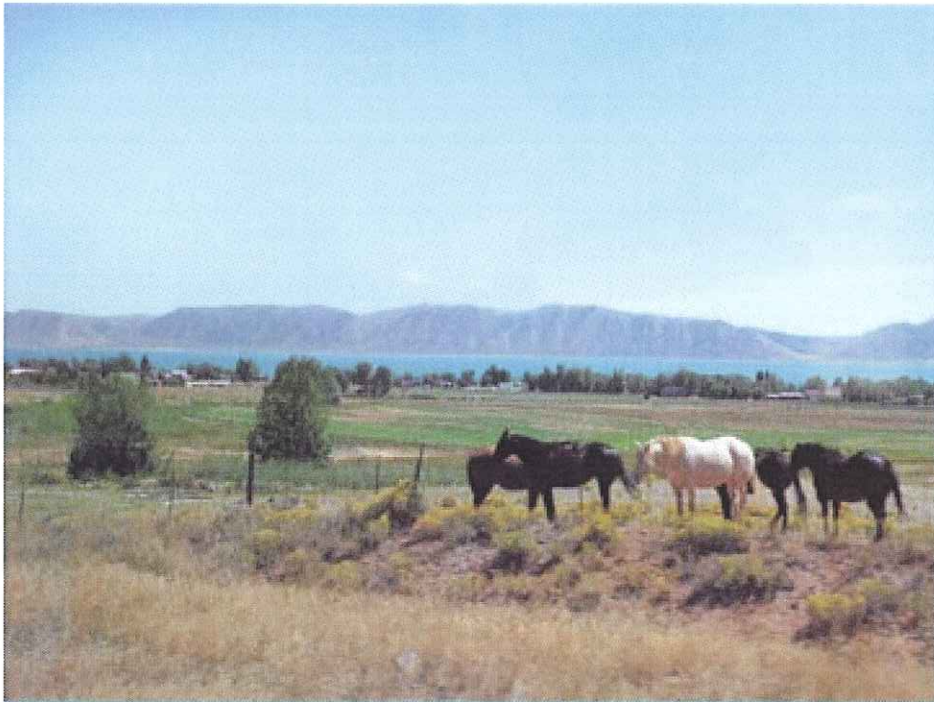


Gary R. Herbert
Lieutenant Governor
Co-Chairman



Jeff Packer
Co-Chairman

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Senator Curtis Bramble
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Governor's Rural Partnership Board Annual Report 2008

Governor's Rural Partnership Board 2008 Report

The Utah Governor's Rural Partnership Board (hereinafter called "the Board") established by the Legislature in Senate Bill 50, effective July 1, 2004, is pleased to submit this report to the Governor and the Legislature.

The Board has, as its primary mission, to recommend to the Governor and the Legislature, a strategic plan for rural Utah. The report this year builds on strategies built over the past three years, and is consistent with plans offered in previous years. It is based on the view that having adequate human capital and basic infrastructure is a prerequisite to economic development and quality of life in Utah.

2008 Work of the Board

In the 2008 Session, the Legislature added four new positions to the Board. These four new positions rounded out representation with agriculture; oil, gas, and mining; telecommunications; and tourism. The Board's work in 2008 commenced with a day long meeting in Ephraim, at which all new Board members were in attendance. The Board considered a long list of issues and concerns, and then prioritized those issues and concerns as follows:

Education Reform and Workforce Development, No. 1 Priority.

Several issues and concerns were combined into what became called education reform and work force development, which was voted the number 1 priority. Embodied in that concept were: immigration as it pertains to work force; K-16 education; school drop outs; curriculum and governance of the Utah College of Applied Technology. The concern of the Board is the need for more and better qualified workers if businesses and communities were going to survive in rural Utah.

In order to learn more about education and workforce development reform, the issue selected as the number one priority and focus for 2008, the Board met for two days in Salt Lake City to discuss workforce training, education, retention of employees, and related subjects. The Board heard presentations from public education, higher education, Utah College of Applied Technology, Utah Farm Bureau and Commissioner of Agriculture, and businesses focused on workforce creation and training.

One common theme of all of the persons appearing before the Board was that of the need to gain parental and community support in creating an environment where people take education seriously and realize it is of critical importance in an individual's

future as well as for the state and nation's future. We are transitioning to a knowledge economy and a global economy, and rural Utah could be bypassed as the State adjusts to the new realities. No simple solution to that concern has been proposed.

At the Board's August meeting in Cedar City, it voted to support the Governor's 21st Century Workforce Initiative. The Governor's Rural Partnership Board further emphasized its position that for the Utah College of Applied Technology, it is important to rural Utah that there be local control on regional boards involving local businesses and the need to have transferable credits from UCAT to higher education where appropriate.

Any efforts or initiatives to use educational institutions to enhance economic development in rural Utah will be supported by the Board and it is hoped that the Board or its members can have a seat at the table as any such projects or initiatives are devised or implemented.

Infrastructure, No. 2 Priority.

Basic infrastructure, including roads, commercial air service, telecommunications, water, electricity, gas and other forms of energy were the second priority. Any strategy for economic development and quality of life enhancement in Rural Utah must include improvement of basic infrastructure. The Legislature should continue its annual appropriation of monies for extending rural broadband communication capacity and the water and sewer funds in various state government departments likewise need to be continued.

Lack of available electricity is a major obstacle to economic development in parts of rural Utah. Likewise, natural gas service at competitive prices is all too often a limiting factor in parts of the state. Highway and road construction in Rural Utah over the last two years is very much appreciated and needs to continue. Lack of commercial airline service is a limitation to economic health in rural Utah as well.

Business Resource Centers, No. 3 Priority.

The 2008 Legislature enacted the Utah Business Resource Centers Act. It described the business resource center concept with accompanying duties, reports and advisory board which included two members representing rural Utah. The Board is watching with interest the implementation of this new statute which became effective July 1, 2008 and is interested in the expenditure of the monies appropriated. It looks forward to additional funds for Business Resource Centers in rural parts of the state as money becomes available.

Health Care and Insurance Reform, No. 4 Priority.

Health care and insurance reform are still important in rural Utah and listed fourth not because they are less important than the other three priorities, but because they were considered largely out of the hands of the Board at this point in time.

The Board calls upon the Legislature, the Governor, and the private sector to continue their efforts to address the critical issue of health care and insurance reform. Finding a way for small business and entrepreneurs to obtain affordable health care and insurance in rural Utah is at the top of the list of rural business needs and essential to having a flourishing entrepreneurial, small business economy in rural Utah.

Utah Science Technology and Research Authority

In addition to the 4 priorities the Board calls upon the Utah Science Technology and Research Authority (USTAR), the executive, and the legislative branches of state government to impanel and vigorously utilize the advisory board provided for by statute to assure USTAR benefits to rural Utah.

Survey at the Rural Summit 2008

At the 2008 Rural Summit in Cedar City, surveys were performed on each of the two days of the summit. The approximately 250 participants were asked to respond to questions posed. The responses were tallied and shown in percentages and graph form. While the surveys do not purport to be a scientifically based sampling of public opinion, they do show the answers of rural leaders on each of the two days of the conference. The full survey is enclosed with commentary by SUU Regional Services. We found the survey results informative and interesting.

The Governor's Rural Partnership Board is grateful for the opportunity to serve as a focus point to coordinate requests and ideas and to put together and promote a strategic plan for rural Utah.

Respectfully submitted,



Lt Governor Gary Herbert, Co-Chair



Jeff Packer, Co-Chair

Rural Issues and Priorities Survey Results

2008 Utah Rural Summit

August 7-8, 2008

Southern Utah University Campus

SUU
REGIONAL
SERVICES

Survey Highlights

To get a better understanding of rural concerns and priorities, Southern Utah University Regional Services surveyed attendees at the 2008 Utah Rural Summit on a variety of issues using an instant audience response system. The survey process was able to separate the votes of Wasatch Front attendees from those of rural residents. Many of the results were predictable, but some were unexpected.

Among the unexpected is a high level of concern for **inadequate rural infrastructure**. Improving physical infrastructure emerged as the highest rural economic development priority, with forty-percent indicating that **water and sewer system improvements** is their highest infrastructure priority, followed by roads and highways (23%) and broadband capacity (21%).

Also unexpected was the very **low priority** given to **building local capacity** (defined as local leadership and technical expertise) and to **tourism and film production**. When asked what should be rural Utah's lowest priority for the coming year, forty-five percent selected building local capacity, and twenty-six percent indicated that tourism is the lowest priority. When asked what should be rural Utah's lowest economic development priority, an overwhelming 73% chose film and movie production. USTAR was a distant second at 10%.

Other surprises include "**lands restoration**" as the **highest public lands priority**, and "**funding for Business Resource Centers**" as the issue that should be the **highest priority for the Governor's Rural Partnership Board**. A total of 26% said lands restoration should be the highest public lands priority, followed closely by oil and gas drilling (25%). [Note: This survey was not able to determine if the priority given to oil and gas drilling was for more drilling or for less drilling.]

Twenty-one percent said the Governor's Rural Partnership Board should seek funding for BRCs as its top priority, with education/workforce training, rural utility improvements, and energy issues receiving almost equal votes for second highest priority (17% - 18% each).

In terms of **overall rural priorities**, two issues emerged as the clear leaders: 1) **Economic Development** (24%); 2) **Education/Training** (20%) with **Natural Resources/Public Lands issues** and **Energy Policy** also in the mix as high priorities.

When asked specifically about rural **economic development priorities**, **physical infrastructure** came out as the highest (29%) priority, with **development of local entrepreneurs** and **workforce training** tying for second place with 23% each.

Survey Findings

Overall Rural Priorities

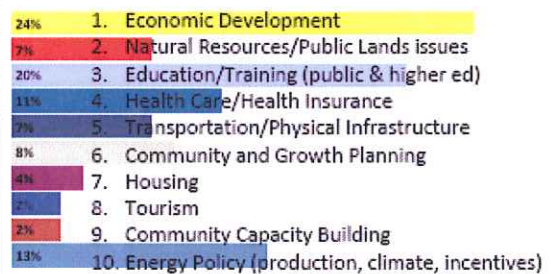
When asked what rural Utah's highest priority should be for the coming year, two issues emerged as the clear leaders, with public lands issues and energy policy also in the mix. The three top priorities are:

1. Economic Development (24%)
2. Education/Training (20%)
3. Energy Policy (13%)

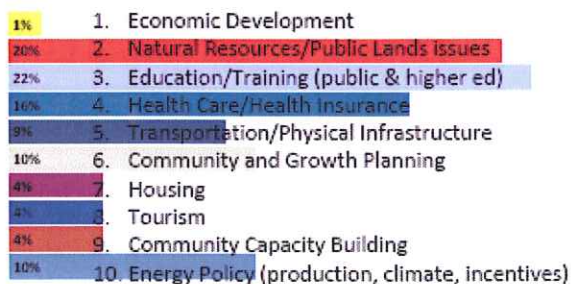
When the top priority — Economic Development — is taken off the list and respondents were asked to list their second highest priority, the priority mix changed. Education/Training remained the top vote-getter as the second highest priority, but Energy Policy lost a lot of ground. Natural Resources/Public Lands issues and Health Care /Insurance each received more support as the second highest priority than Energy Policy.

When asked about rural Utah's lowest priorities, forty-five percent (45%) chose Community Capacity Building (defined as local leadership and technical expertise) as the lowest priority, followed by Tourism (26%) and Housing (13%).

Which of the following should be rural Utah's highest priority for the coming year? (Rural)



Which of the following should be rural Utah's 2nd highest priority for the coming year? (Rural)



Which of the following should be rural Utah's LOWEST priority for the coming year? (Rural)



Economic Development Priorities

With economic development as rural Utah's highest overall priority, the survey drilled deeper to determine what should be the state's highest priority for rural economic development. The three highest rural economic development priorities are:

1. Physical Infrastructure (roads, water, etc.)(29%)
2. Tie - Workforce Training/Education (23%)
- 2.Tie - Develop local business and entrepreneurs (23%)

The top priority reveals a strong concern regarding infrastructure inadequacies in rural Utah, which is explored in more depth under Infrastructure & Utilities (p. 8) .

Development of local businesses and entrepreneurs seems to have a lot of support among rural Utahns.

This support is also demonstrated when asked what should be the highest priority for the Governor's Rural Partnership Board (p. 14).

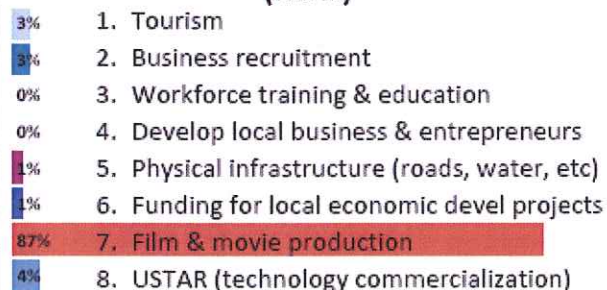
Workforce and education issues show up as the second highest priority for rural Utah in more than one question, and are also examined more closely under Education/Workforce Training (p. 5).

In terms of the lowest priorities for rural economic development, tourism, business recruitment, and USTAR are shown to be low priorities in rural Utah, but the runaway lowest priority is film and movie production, with 87% choosing it as the lowest priority.

What should be the state's highest priority for rural economic development? (Rural)



What should be the state's LOWEST priority for rural economic development? (Rural)

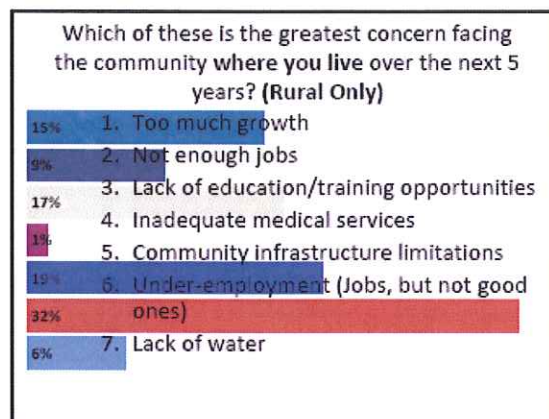


Local Community Concerns

When asked to identify the greatest concerns in their *own* communities over the next five years, rural respondents listed the following:

1. Under-employment (32%)
2. Community infrastructure limitations (19%)
3. Lack of education/training opportunities (17%)

Responses to this question support economic development and infrastructure improvements as high priorities at the local level, and indicate that rural Utah is more concerned about getting better paying jobs than simply getting more jobs. It also seems apparent from this and other questions that rural Utahns recognize education and workforce training as important components of economic development.



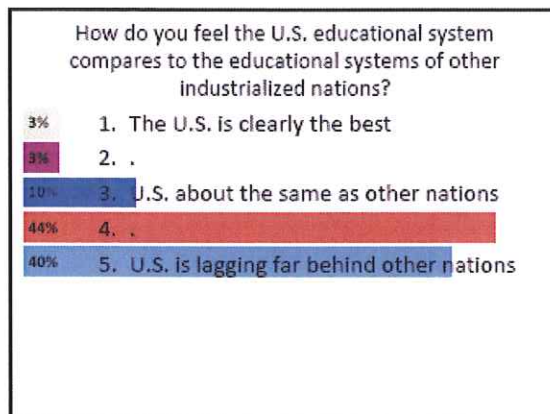
Lack of water and inadequate medical services do not appear to be major concerns in most rural communities, but for many (15%) too much growth is the highest concern.

Education/Workforce Training

The survey asked several questions relative to education and workforce training. This issue was consistently listed as rural Utah's second highest priority, following economic development, and is viewed by many to be an important component of economic development. Many see education as a critical rural issue.

Underscoring the importance of this issue, 80% said they would be willing to pay higher taxes to improve public education, and 76% said they would be willing to pay higher taxes to improve the availability of higher education offerings in rural Utah (see next page).

While 16% felt the U.S. education system is about the same or better than the education systems of other countries, 84% said the U.S. is lagging behind other industrialized nations.



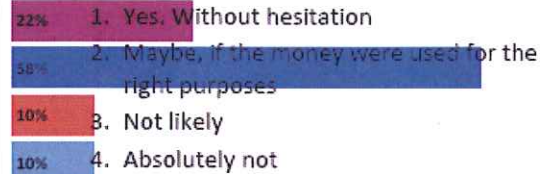
Education/Workforce Training (cont.)

These perceptions of inadequacy did not hold up at the local level, however. A majority of seventy-seven (77%) feel the public schools in their own communities are average or above average. Eighty-percent (80%) indicated a willingness to pay higher taxes to improve public education.

How would you rate the Public Schools in your county/community?

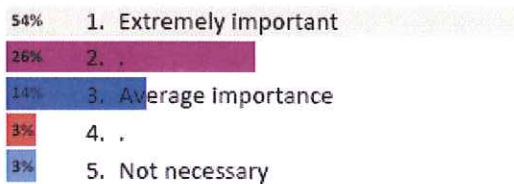


Would you be willing to pay higher taxes to improve Public Education?

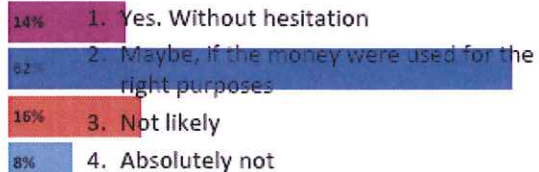


Support for higher education is on par with that for public education. Ninety-four percent (94%) of the respondents indicate it is important to improve the availability and accessibility of higher education offerings in rural Utah, and seventy-six percent (76%) of respondents expressed a willingness to pay higher taxes to improve the availability and accessibility of higher education.

How important is improving the availability and accessibility of Higher Education offerings in rural Utah?



Would you be willing to pay higher taxes to improve the availability and accessibility of higher education in rural Utah?



Development of Local Businesses and Entrepreneurs

Many of the respondents see development of local businesses and entrepreneurs as an important rural economic development strategy. As a rural economic development priority, it followed only infrastructure development (29%), and tied with workforce training/education, as the second highest priority (23% each). It is seen to be much more important than other economic development strategies such as business recruitment (4%), tourism (3%), and USTAR technology commercialization (3%).

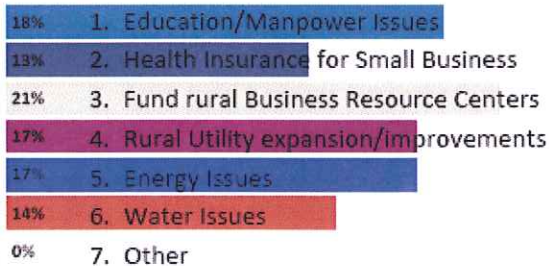
The tangible implementation of this strategy is the Business Resource Center, which also has strong support. Respondents (21%) said that funding of BRCs should be the highest priority of the Governor's Rural Partnership Board (GRPB).

Even though the survey audience had very few private sector attendees, participants were asked to give their opinions on what they felt is the most critical issue facing small business in Utah. Health care costs were singled out as the most critical issue (38%), followed by workforce issues (26%), and lack of financing/capital (17%).

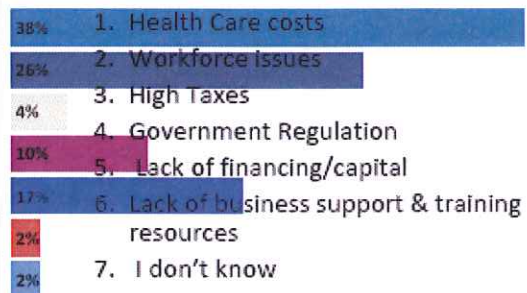
What should be the state's highest priority for rural economic development? (Rural)



What should be the highest priority for the GRPB during the coming year? (Rural)



What do you feel is the most critical issue facing small businesses in rural Utah? (All)



Infrastructure & Utilities

One of the most surprising findings of this survey is that infrastructure is the highest economic development priority for rural Utah, demonstrating a high level of concern for inadequate rural infrastructure. It also shows that many in rural Utah recognize adequate infrastructure as being an important component of economic development.

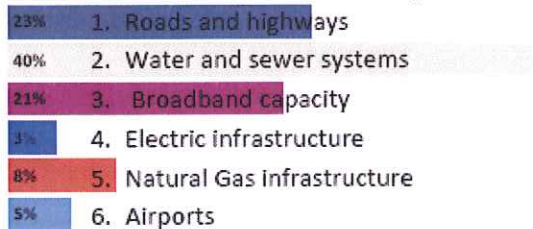
When asked which specific infrastructure improvements should be the highest priority for rural Utah, water and sewer systems came out on top by a large margin. The top three priorities are:

1. Water and sewer systems (40%)
2. Roads and highways (23%)
3. Broadband capacity (21%)

What should be the state's highest priority for rural economic development? (Rural)

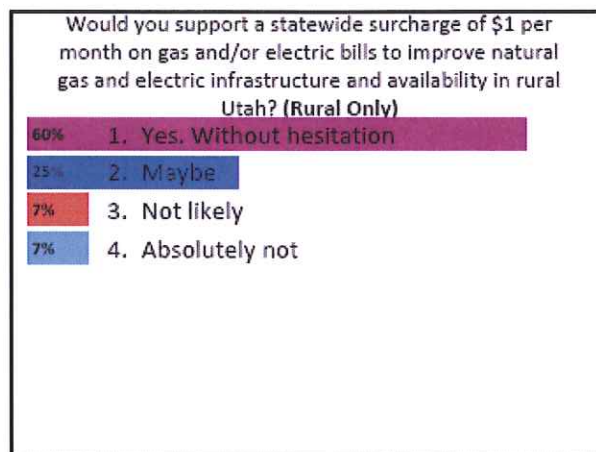
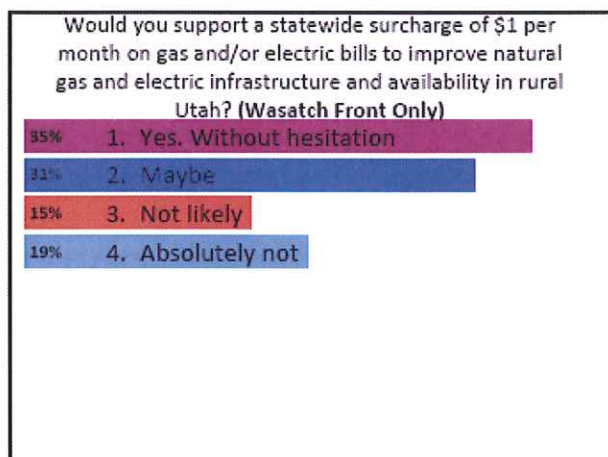


Which of the following infrastructure improvements should be the highest priority for rural Utah? (Rural only)

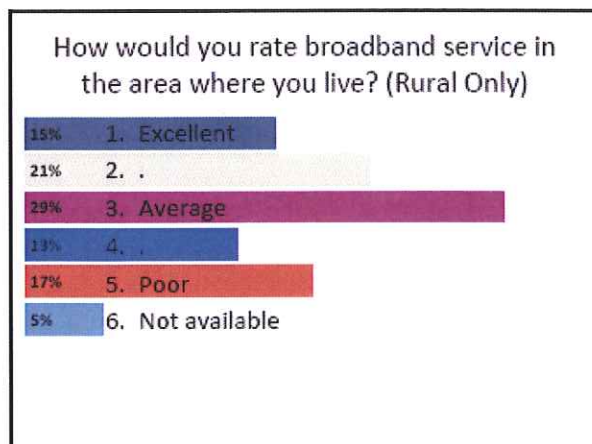


Infrastructure & Utilities (cont.)

The survey also shows strong support for a surcharge on utility bills to generate a fund to improve natural gas and electric infrastructure and availability in rural Utah. Among Wasatch Front attendees at the Rural Summit, 66% indicated a willingness to pay a \$1.00 per month surcharge to support improvement and expansion of rural utility infrastructure. Among rural residents, the support for such a surcharge was 85%.



Additionally, the survey asked participants to rate broadband service in their communities. The results were very mixed, indicating a wide disparity in broadband services depending on location. Thirty-six percent (36%) rate their broadband service as above average, 30% rate it as below average, and 29% rate their service as average. Five percent (5%) state that broadband service is not available where they live.

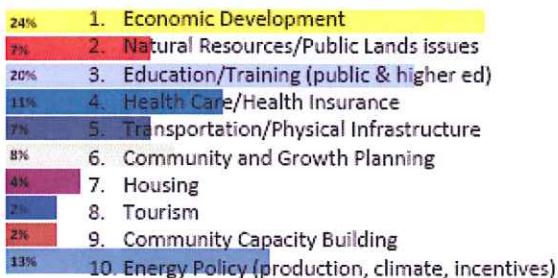


Energy Issues

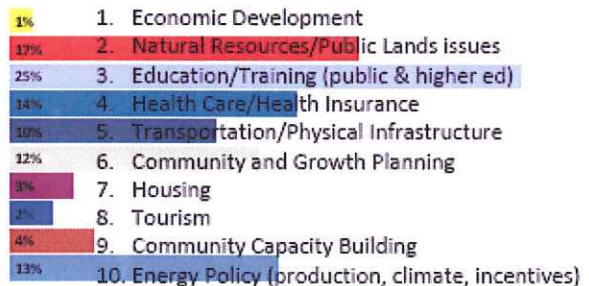
The survey shows that energy policy is in the top tier of rural priorities, and that rural priorities for national energy policy are different than the priorities for state energy policy.

When asked what rural Utah's highest priority should be for the coming year, energy policy came in third. However, when the top priority, economic development, is taken off the list, energy policy lost ground to natural resources/public lands issues and came in as a lower priority.

Which of the following should be rural Utah's highest priority for the coming year? (Rural)



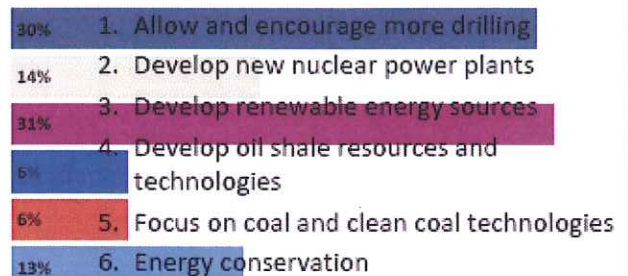
Which of the following should be rural Utah's 2nd highest priority for the coming year? (All)



Respondents were first asked what should be the *nation's* highest priority in dealing with the energy crisis, then they were asked what should be the *state's* highest priority in dealing with the energy crisis. The nations vs. state priorities were different, and reflect a desire to develop energy resources within the state.

In terms of national energy policy, the highest priorities are the development of renewable energy sources (31%) and to allow and encourage more drilling (30%).

In dealing with the energy crisis, which should be the *nation's* highest priority? (All)



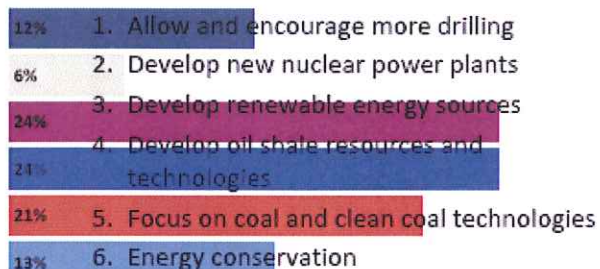
Energy Issues (cont.)

When queried about state energy priorities, development of oil shale resources tied with development of renewable energy sources as the top priority, each at 24%. As a national priority, oil shale development received only 6% of the vote.

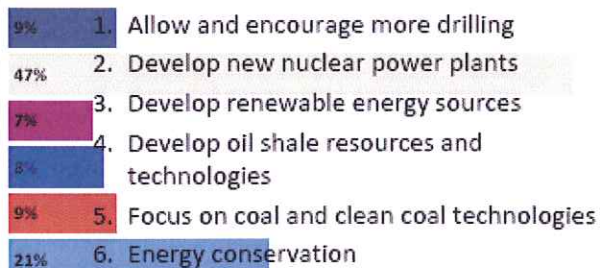
Focusing on coal and clean coal technologies came in third as a state priority (21%).

Respondents were also asked what should be the state's lowest priority in dealing with the energy crisis. Development of nuclear power plants is the lowest priority (47%), with energy conservation coming in as a distant second lowest priority (21%).

In dealing with the energy crisis, which should be the **State's highest priority?** (All)



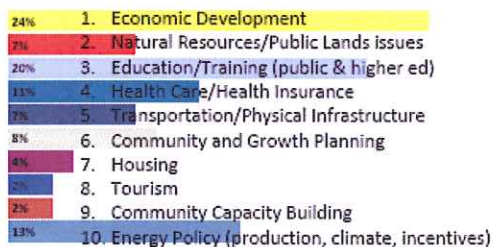
In dealing with the energy crisis, which should be the **State's LOWEST priority?** (All)



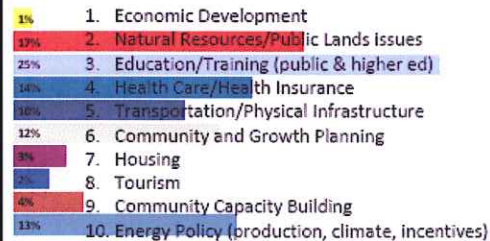
Public Lands/Natural Resources

It is difficult to completely determine the priority of Natural Resources/Public Lands issues in this survey. When asked to choose rural Utah's highest overall priority, Natural resources/Public Lands came in at a very low 7% of the total. But when respondents were told to take Economic Development off the list of choices, and were asked to list their second highest priority, Natural Resources/Public Lands issues did much better (20%), finishing next to Education and Training (22%) as the second highest overall priority.

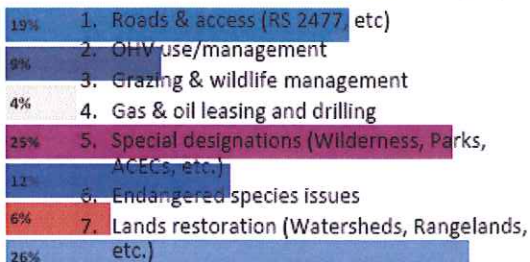
Which of the following should be rural Utah's highest priority for the coming year? (Rural)



Which of the following should be rural Utah's 2nd highest priority for the coming year? (All)



What is the most critical public lands issue that needs to be addressed? (All)



In the realm of public lands issues, a proactive approach to Land Restoration (26%) came out as the highest public lands priority, with Oil and Gas drilling (25%) a very close second. (It is important to note that this survey was not able to determine if the priority given to oil and gas drilling was for more drilling or for less drilling. The question asked, "What is the most critical public lands issue?" and both opponents and proponents of drilling may well have listed it as a priority.)

Roads and access (RS 24477, etc.) was the third highest priority (19%).

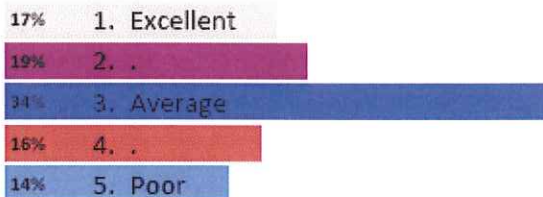
Rural Medical Services

Though there is a perception that overall rural medical services are not stellar, most rural residents seem to be satisfied with their local medical services.

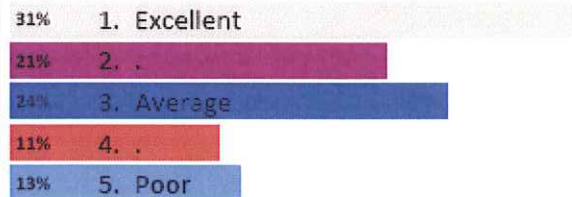
In terms of perception, when asked to rate the quality of rural medical services in Utah, 36% rated them as above average, 30% rated them below average, and 34% rated them as average.

However, when asked to rate the quality of their own local medical services, the ratings improved significantly. Over half (52%) rated the quality of their medical services as above average, with 24% rating them as average, and 24% rating them at below average.

How would you rate the quality of medical services in rural Utah? (all)



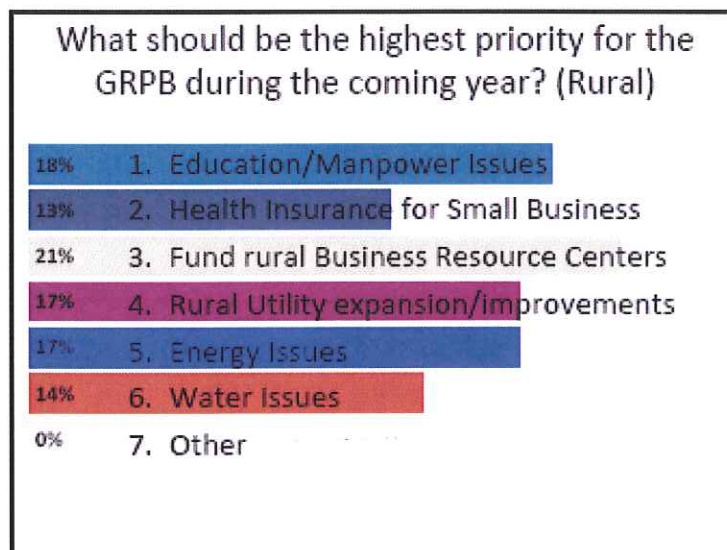
How would you rate the quality of medical services in **your** area? (Rural only)



GRPB Priorities

After voting for overall rural priorities and for rural economic development priorities, the participants were asked to give their input on what should be the highest priority for the Governor's Rural Partnership Board (GRPB) for the coming year. This question essentially asked respondents to make an individual evaluation of where the GRPB can be most effective in addressing rural priorities. The priorities came out as follows:

1. Fund rural Business Resource Centers (21%)
2. Education/Manpower issues (18%)
3. Tie – Energy Issues (17%)
3. Tie - Rural utility expansion/improvements (17%)



Socio/Economic Survey

The Public Land Policy Coordination Office made a significant investment in contracting with Utah State University to do a major socio/economic study relating to public lands uses and issues. The first afternoon of the Utah Rural Summit was devoted to the presentation of this study. The following morning, attendees were asked about the value of the study to state and local government, and whether they support continuing this type of research and study.

A large majority (84%) feel the study is valuable to state and local government, with only 16% saying it has little value.

A majority of 69% support appropriating money to continue this type of research and reporting, with 15% opposing it, and 16% not sure.

